



Problem Resolution Report

NORTHROP GRUMMAN

Firm Fixed Price Projects
NG/CoSD-40

Date: May 1, 2009

Summary:

In accordance with the provisions of the IT and Telecommunications Service Agreement dated January 24, 2006 ("the Agreement") by and between the County of San Diego ("County") and Northrop Grumman Information Technology, Inc. ("Northrop Grumman" or "Contractor") (hereinafter collectively referred to as "the Parties") agreement is reached on the date shown above.

Issue or Problem:

The Agreement does not specifically call out or otherwise provide for Contractor to propose a fixed price for certain IT projects. The Agreement does provide specificity for a "time and materials" method of contracting, but is silent as to the mechanism for fixed price. As a result Contractor does not believe that they have the ability to propose a fixed price for certain projects under the current Agreement.

It is the County's preference to have available for its use, a "firm fixed price" contract type for the design, development, and implementation of appropriate information technology projects.

Resolution:

Modify the Standards and Procedures Manual to include "Firm Fixed Price Projects" consistent with the terms of the Agreement.

Contractor has communicated its willingness to conduct firm fixed price projects for the County, providing that the Agreement is amended as appropriate. The County acknowledges the need for the addition of Agreement language which will provide a specific vehicle under which the County can request, and Contractor can provide a firm fixed price for certain information technology work.

Projects that will be eligible for firm fixed price work requests will be one-time efforts with specific time frames, scopes of work and defined deliverables. A project may include both Contractor and third party labor cost; Contractor labor cost only; and/or required hardware costs not already apart of the Agreement. Software licensing costs can be handled through existing language in the Agreement.

The County will provide a Statement of Work (SOW) to allow Contractor to adequately determine the requirements and costs associated with the project. The SOW will contain the project scope, project management requirements, reporting requirements, deliverables and schedule requirements, and validation and acceptance criteria, as well as specific warranty requirements (if applicable) and any terms that are different than contained in the underlying Agreement. The County may choose to require a performance bond or



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some other security vehicle depending upon the cost and scope level of the project being considered. The County will also establish as a part of the SOW the payment terms for the particular project, including performance and/or value-based payment methodologies. In some instances, the County may identify some terms in the underlying Agreement that may not apply to a given Firm Fixed Price (FFP) Work Request (WR) and any exclusions, will be negotiated prior to final County approval of the FFP WR. All aspects of the finalized SOW must be agreed to by both the County and Contractor prior to issuance of the FFP WR.

With the above information provided by the County, Contractor will produce a proposal which will be subject to the requirements as called out in the Agreement for such documents. As with all work requests, appropriate cost breakdowns will be required from Contractor for review by the County.

Negotiations may be initiated by either party with respect to requirements, pricing or any other aspect of the project at any time after the submission of the SOW by the County until such time as the work request has been signed off and approved by both Contractor and the County. Any changes in project scope must include the proposed impact to pricing and schedule, which will be negotiated and mutually agreed to by both parties.

The resolution of the issue or Problem as described in this Problem Resolution Report shall govern the Parties' actions under the Agreement until a formal amendment of the Agreement is implemented in accordance with the terms of the Agreement, at which time this Problem Resolution Report shall be deemed superseded and shall be null and void.

All other terms and conditions of the Agreement remain unchanged and the Parties agree that such terms and conditions set forth in the Agreement shall continue to apply. Unless otherwise indicated, the terms used herein shall have the same meaning as those given in the Agreement.



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IN WITNESS WHEREOF, The Parties hereto, intending to be legally bound, have executed by their authorized representatives and delivered this Problem Resolution Report as of the date first written above.

COUNTY OF SAN DIEGO

NORTHROP GRUMMAN INFORMATION
TECHNOLOGY, INC.

By: Bruce Petrozza

By: Nancy Osmond-Hessney

Name: Bruce Petrozza

Name: Nancy Osmond-Hessney

Title: Manager, Contracting

Title: Director, Contracts

Date: 05-26-09

Date: 5-1-09

Hudson